

LOCAL EXCHANGE SERVICE

4. Local Exchange Service (Cont'd)

4.5 Lifeline Service Program (Cont'd)

(T)(D)

4.5.2 Lifeline Support (Cont'd)

4.5.2.2 Recovery of support amounts. Participating telecommunications carriers shall be entitled to recover the support amount required by the C.F.R., §54.101 pursuant to C.F.R., §54.407 (relating to Reimbursement for offering Lifeline). The support amount described in subparagraph "Additional state reduction..." of this paragraph can be recovered through the Texas Universal Service Fund (TUSF).

4.5.3 RESERVED FOR FUTURE USE

(T)

(D)

LOCAL EXCHANGE SERVICE

4. Local Exchange Service (Cont'd)

4.5 Lifeline Service Program (Cont'd)

(T)(D)

4.5.3 RESERVED FOR FUTURE USE

4.5.4 Obligations of the customer and the participating telecommunications carrier.

4.5.4.1 Obligations of the customer. Customers who meet the low-income requirement for qualification but do not receive benefits under the programs listed in subsection 4.5 of this section may provide the LIDA with self-enrollment for Lifeline Service benefits. Customers receiving benefits under the programs listed in subsection 4.5 of this section and who have telephone service will be subject to the Lifeline automatic enrollment procedures as provided by the LIDA pursuant to the terms of the Guide unless they provide the LIDA with a request to be excluded from Lifeline Service. Customers receiving benefits under the programs listed in subsection 4.5 of this section who do not have telephone service must initiate a request for service from a participating telecommunications carrier providing local service in their area.

(T)(D)

LOCAL EXCHANGE SERVICE

4. Local Exchange Service (Cont'd)

4.5 Lifeline Service Program (Cont'd)

(T)(D)

4.5.4 Obligations of the customer and the participating telecommunications carrier. (Cont'd)

4.5.4.2 Obligation of the participating telecommunications carrier.

- Lifeline Service.

A participating telecommunications carrier shall provide Lifeline Service to all eligible customers identified by the LIDA within its service area in accordance with this section and the Guide.

- A participating telecommunications carrier shall identify those customers on the initial database provided by the LIDA to whom it is providing telephone service and shall begin reduced billing for those qualifying low-income customers in accordance with the terms of the Guide.

- The eligible customer shall not be charged for changes in telephone service arrangements that are made in order to qualify for Lifeline Service, or for service order charges associated with transferring the account into Lifeline Service. If the eligible customer changes the telephone service or initiates new service, the participating telecommunications carrier shall begin reduced billing at the time the change of service becomes effective or at the time new service is established.

Upon receipt of the monthly update provided by the LIDA pursuant to the terms of the Guide a participating telecommunications carrier shall begin reduced billing for those qualifying low-income customers subscribing to services within the timeframe established by the Guide.

The LIDA shall provide a self-enrollment form by direct mail at the customer's request. The LIDA shall maintain customers' self-enrollment forms and provide a database of self-enrolling customers to all participating telecommunications carriers.

(D)

(T)(D)



## LOCAL EXCHANGE SERVICE

4. Local Exchange Service (Cont'd)4.5 Lifeline Service Program (Cont'd)

(T)(D)

4.5.5 Notice of Lifeline Service.

A participating telecommunications carrier shall provide notice of Lifeline Service in any directory it distributes to its customers and shall provide an annual bill message advising customers of the availability of Lifeline Service. In any instance where the carrier provides bilingual (English and Spanish) information in its directory and annual bill messages, the carrier must also provide its notice regarding Lifeline Service in a bilingual format.

4.5.6 Confidentiality agreements.

Participating telecommunications carriers must execute a confidentiality agreement with THHSC pursuant to the terms of the Guide prior to receiving the LIDA's eligibility database. The agreement will specify that client information is released by THHSC to carriers for the sole purpose of providing Lifeline Service to eligible customers and that the information cannot be released by the carrier or used by the carrier for any other purpose.

4.5.7 Opportunity for contest.

- A customer who believes that their self-enrollment application has been erroneously denied may request that LIDA review the application, and the customer may submit additional information as proof of eligibility.
- A customer who is dissatisfied with LIDA's action following a request for review under the preceding subparagraph of this subsection may request an informal hearing to be conducted by the commission staff.
- A customer dissatisfied with the determination after an informal hearing under the preceding subparagraph of this subsection may file a formal complaint pursuant to §22.242(e) of this title (relating to Complaints).

4.5.8 Low-Income Discount Procedural Guide.

In the event of conflicts between the language of the Guide and the language of §26.412 (relating to Lifeline Service Program), §26.412 shall prevail.

(T)(D)

REDACTED - FOR PUBLIC INSPECTION

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ATTACHMENT – LINE 112

ATTACHMENT REDACTED IN ENTIRETY

# REDACTED- FOR PUBLIC INSPECTION

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0031. The time required to complete this information collection is estimated to average 4 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

USDA-RUS		This data will be used by RUS to review your financial situation. Your response is required by 7 U.S.C. 901 et seq. and, subject to federal laws and regulations regarding confidential information, will be treated as confidential.	
OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS		BORROWER NAME Dell Telephone Cooperative, Inc.  (Prepared with Audited Data)	
INSTRUCTIONS-Submit report to RUS within 30 days after close of the period. For detailed instructions, see RUS Bulletin 1744-2. Report in whole dollars only.		PERIOD ENDING December, 2013	BORROWER DESIGNATION TX0569
<p align="center"><b>CERTIFICATION</b></p> <p>We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.</p> <p><b>ALL INSURANCE REQUIRED BY 7 CFR PART 1788, CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.</b></p> <p align="center"><b>DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1788 OF 7CFR CHAPTER XVII</b> (Check one of the following)</p> <p><input checked="" type="checkbox"/> All of the obligations under the RUS loan documents have been fulfilled in all material respects.</p> <p><input type="checkbox"/> There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in the Telecom Operating Report</p> <p align="center">dennis bergstrom                      6/23/2014 DATE</p>			

PART A. BALANCE SHEET					
ASSETS	BALANCE PRIOR YEAR	BALANCE END OF PERIOD	LIABILITIES AND STOCKHOLDERS' EQUITY	BALANCE PRIOR YEAR	BALANCE END OF PERIOD
<b>CURRENT ASSETS</b>			<b>CURRENT LIABILITIES</b>		
1. Cash and Equivalents			26. Accounts Payable		
2. Cash-RUS Construction Fund			28. Notes Payable		
3. Affiliates:			27. Advance Billings and Payments		
a. Telecom, Accounts Receivable			28. Customer Deposits		
b. Other Accounts Receivable			29. Current Mat. L/T Debt		
c. Notes Receivable			30. Current Mat. L/T Debt-Rur. Dev.		
4. Non-Affiliates:			31. Current Mat.-Capital Leases		
a. Telecom, Accounts Receivable			32. Income Taxes Accrued		
b. Other Accounts Receivable			33. Other Taxes Accrued		
c. Notes Receivable			34. Other Current Liabilities		
5. Interest and Dividends Receivable			35. Total Current Liabilities (25 thru 34)		
6. Material-Regulated			<b>LONG-TERM DEBT</b>		
7. Material-Nonregulated			38. Funded Debt-RUS Notes		
8. Prepayments			37. Funded Debt-RTB Notes		
9. Other Current Assets			38. Funded Debt-FFB Notes		
10. Total Current Assets (1 Thru 9)			39. Funded Debt-Other		
<b>NONCURRENT ASSETS</b>			40. Funded Debt-Rural Develop. Loan		
11. Investment in Affiliated Companies			41. Premium (Discount) on L/T Debt		
a. Rural Development			42. Recaptured Debt		
b. Nonrural Development			43. Obligations Under Capital Lease		
12. Other Investments			44. Adv. From Affiliated Companies		
a. Rural Development			45. Other Long-Term Debt		
b. Nonrural Development			46. Total Long-Term Debt (38 thru 45)		
13. Nonregulated Investments			<b>OTHER LIAB. &amp; DEF. CREDITS</b>		
14. Other Noncurrent Assets			47. Other Long-Term Liabilities		
15. Deferred Charges			48. Other Deferred Credits		
16. Jurisdictional Differences			49. Other Jurisdictional Differences		
17. Total Noncurrent Assets (11 thru 16)			50. Total Other Liabilities and Deferred Credits (47 thru 49)		
<b>PLANT, PROPERTY, AND EQUIPMENT</b>			<b>EQUITY</b>		
18. Telecom, Plant-in-Service			51. Cap. Stock Outstanding, & Subscribed		
19. Property Held for Future Use			52. Additional Paid-in-Capital		
20. Plant Under Construction			53. Treasury Stock		
21. Plant Adj., Nonop. Plant & Goodwill			54. Membership and Cap. Certificates		
22. Less Accumulated Depreciation			55. Other Capital		
23. Net Plant (18 thru 21 less 22)			56. Patronage Capital Credits		
24. TOTAL ASSETS (10+17+23)			57. Retained Earnings or Margins		
			58. Total Equity (51 thru 57)		
			59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)		

Total Equity = 22.99% % of Total Assets

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See Independent Accountants' Compilation Report



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<b>USDA-RUS</b>  <b>OPERATING REPORT FOR</b> <b>TELECOMMUNICATIONS BORROWERS</b>		<b>BORROWER DESIGNATION</b>  TX0569	
<b>INSTRUCTIONS- See RUS Bulletin 1744-2</b>		<b>PERIOD ENDING</b>  December, 2013	
<b>PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS</b>			
<b>ITEM</b>	<b>PRIOR YEAR</b>	<b>THIS YEAR</b>	
1. Local Network Services Revenues			
2. Network Access Services Revenues			
3. Long Distance Network Services Revenues			
4. Carrier Billing and Collection Revenues			
5. Miscellaneous Revenues			
6. Uncollectible Revenues			
7. Net Operating Revenues (1 thru 5 less 6)			
8. Plant Specific Operations Expense			
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)			
10. Depreciation Expense			
11. Amortization Expense			
12. Customer Operations Expense			
13. Corporate Operations Expense			
14. Total Operating Expenses (8 thru 13)			
15. Operating Income or Margins (7 less 14)			
16. Other Operating Income and Expenses			
17. State and Local Taxes			
18. Federal Income Taxes			
19. Other Taxes			
20. Total Operating Taxes (17+18+19)			
21. Net Operating Income or Margins (15+16-20)			
22. Interest on Funded Debt			
23. Interest Expense - Capital Leases			
24. Other Interest Expense			
25. Allowance for Funds Used During Construction			
26. Total Fixed Charges (22+23+24-25)			
27. Nonoperating Net Income			
28. Extraordinary Items			
29. Jurisdictional Differences			
30. Nonregulated Net Income			
31. Total Net Income or Margins (21+27+28+29+30-26)			
32. Total Taxes Based on Income			
33. Retained Earnings or Margins Beginning-of-Year			
34. Miscellaneous Credits Year-to-Date			
35. Dividends Declared (Common)			
36. Dividends Declared (Preferred)			
37. Other Debits Year-to-Date			
38. Transfers to Patronage Capital			
39. Retained Earnings or Margins End-of-Period [(31+33+34) - (35+36+37+38)]			
40. Patronage Capital Beginning-of-Year			
41. Transfers to Patronage Capital			
42. Patronage Capital Credits Retired			
43. Patronage Capital End-of-Year (40+41-42)			
44. Annual Debt Service Payments			
45. Cash Ratio [(14+20-10-11) / 7]			
46. Operating Accrual Ratio [(14+20+26) / 7]			
47. TIER [(31+26) / 26]			
48. DSCR [(31+26+10+11) / 44]			

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USDA-RUS  <b>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b>  INSTRUCTIONS - See RUS Bulletin 1744-2						BORROWER DESIGNATION TX0559  PERIOD ENDED December, 2013	
Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, & HIGH SPEED DATA INFORMATION							
EXCHANGE	1. RATES		2. SUBSCRIBERS (ACCESS LINES)			3. ROUTE MILES	
	B-1 (a)	R-1 (b)	BUSINESS (a)	RESIDENTIAL (b)	TOTAL (c)	TOTAL (including fiber) (a)	FIBER (b)
828							
828							
963							
984							
981							
988							
987							
988							
MobileWireless							
Route Mileage Outside Exchange Area							
Total							
No. Exchanges							



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USDA-RUS							BORROWER DESIGNATION TX0569	
OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS							PERIOD ENDED December, 2013	
INSTRUCTIONS - See RUS Bulletin 1744-2								
Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, & HIGH SPEED DATA INFORMATION								
4. BROADBAND SERVICE								
Details on Least Expensive Broadband Service								
EXCHANGE	No. Access Lines with BB available (a)	No Of Broadband Subscribers (b)	Number Of Subscribers (c)	Advertised Download Rate (Kbps) (d)	Advertised Upload Rate (Kbps) (e)	Price Per Month (f)	Standalone/Pckg (f)	Type Of Technology (g)
826								
828								
963								
964								
981								
986								
987								
988								
Total								

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USDA-RUS		BORROWER DESIGNATION			
OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS		TX0569			
		PERIOD ENDING December, 2013			
INSTRUCTIONS- See RUS Bulletin 1744-2					
PART D. SYSTEM DATA					
1. No. Plant Employees	2. No. Other Employees	3. Square Miles Served	5. Subscribers per Route Mile		
PART E. TOLL DATA					
1. Study Area ID Code(s)		2. Types of Toll Settlements (Check one)			
a. b. c. d. e. f. g. h. i. j.		Interstate: <input type="checkbox"/> Average Schedule <input checked="" type="checkbox"/> Cost Basis Intrastate: <input type="checkbox"/> Average Schedule <input checked="" type="checkbox"/> Cost Basis			
PART F. FUNDS INVESTED IN PLANT DURING YEAR					
1. RUS, RTB, & FFB Loan Funds Expended					
2. Other Long-Term Loan Funds Expended					
3. Funds Expended Under RUS Interim Approval					
4. Other Short-Term Loan Funds Expended					
5. General Funds Expended (Other than Interim)					
6. Salvaged Materials					
7. Contribution in Aid to Construction					
8. Gross Additions to Telecom. Plant (1 thru 7)					
PART G. INVESTMENTS IN AFFILIATED COMPANIES					
INVESTMENTS (a)	CURRENT YEAR DATA		CUMULATIVE DATA		
	Investment This Year (b)	Income/Loss This Year (c)	Cumulative Investment To Date (d)	Cumulative Income/Loss To Date (e)	Current Balance (f)
1. Investment in Affiliated Companies - Rural Development					
2. Investment in Affiliated Companies - Nonrural Development					

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<b>USDA-RUS</b>  <b>OPERATING REPORT FOR</b> <b>TELECOMMUNICATIONS BORROWERS</b>	BORROWER DESIGNATION TX0569  PERIOD ENDING December, 2013
<b>PART H. CURRENT DEPRECIATION RATES</b>	
Are corporation's depreciation rates approved by the regulatory authority with jurisdiction over the provision of telephone services? (Check one)	
<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO	
EQUIPMENT CATEGORY	DEPRECIATION RATE
1. Land and support assets - Motor Vehicles	
2. Land and support assets - Aircraft	
3. Land and support assets - Special purpose vehicles	
4. Land and support assets - Garage and other work equipment	
5. Land and support assets - Buildings	
6. Land and support assets - Furniture and Office equipment	
7. Land and support assets - General purpose computers	
8. Central Office Switching - Digital	
9. Central Office Switching - Analog & Electro-mechanical	
10. Central Office Switching - Operator Systems	
11. Central Office Transmission - Radio Systems	
12. Central Office Transmission - Circuit equipment	
13. Information origination/termination - Station apparatus	
14. Information origination/termination - Customer premises wiring	
15. Information origination/termination - Large private branch exchanges	
16. Information origination/termination - Public telephone terminal equipment	
17. Information origination/termination - Other terminal equipment	
18. Cable and wire facilities - Poles	
19. Cable and wire facilities - Aerial cable - Metal	
20. Cable and wire facilities - Aerial cable - Fiber	
21. Cable and wire facilities - Underground cable - Metal	
22. Cable and wire facilities - Underground cable - Fiber	
23. Cable and wire facilities - Buried cable - Metal	
24. Cable and wire facilities - Buried cable - Fiber	
25. Cable and wire facilities - Conduit systems	
26. Cable and wire facilities - Other	






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USDA-RUS		BORROWER DESIGNATION	
OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS		TX0569	
INSTRUCTIONS - See help in the online application.		PERIOD ENDED December, 2013	
PART I - STATEMENT OF CASH FLOWS			
1.	Beginning Cash (Cash and Equivalents plus RUS Construction Fund)		
CASH FLOWS FROM OPERATING ACTIVITIES			
2.	Net Income		
<i>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities</i>			
3.	Add: Depreciation		
4.	Add: Amortization		
5.	Other (Explain) Interest Receivable		
<i>Changes in Operating Assets and Liabilities</i>			
6.	Decrease/(Increase) in Accounts Receivable		
7.	Decrease/(Increase) in Materials and Inventory		
8.	Decrease/(Increase) in Prepayments and Deferred Charges		
9.	Decrease/(Increase) in Other Current Assets		
10.	Increase/(Decrease) in Accounts Payable		
11.	Increase/(Decrease) in Advance Billings & Payments		
12.	Increase/(Decrease) in Other Current Liabilities		
13.	Net Cash Provided/(Used) by Operations		
CASH FLOWS FROM FINANCING ACTIVITIES			
14.	Decrease/(Increase) in Notes Receivable		
15.	Increase/(Decrease) in Notes Payable		
16.	Increase/(Decrease) in Customer Deposits		
17.	Net Increase/(Decrease) in Long Term Debt (Including Current Maturities)		
18.	Increase/(Decrease) in Other Liabilities & Deferred Credits		
19.	Increase/(Decrease) in Capital Stock, Paid-in Capital, Membership and Capital Certificates & Other Capital		
20.	Less: Payment of Dividends		
21.	Less: Patronage Capital Credits Retired		
22.	Other (Explain) Miscellaneous equity credits		
23.	Net Cash Provided/(Used) by Financing Activities		
CASH FLOWS FROM INVESTING ACTIVITIES			
24.	Net Capital Expenditures (Property, Plant & Equipment)		
25.	Other Long-Term Investments		
26.	Other Noncurrent Assets & Jurisdictional Differences		
27.	Other (Explain) Plant Retirements, TPUC		
28.	Net Cash Provided/(Used) by Investing Activities		
29.	Net Increase/(Decrease) in Cash		
30.	Ending Cash		

Revision Date 2010

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USDA-RUS	BORROWER DESIGNATION
OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	TX0569
INSTRUCTIONS - See RUS Bulletin 1744-2	PERIOD ENDED December, 2013
NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	
Independent Accountants' Compilation Report	
To the Board of Directors	
Dell Telephone Cooperative, Inc.	
Dell City, TX	
	
	
	

See Independent Accountants' Compilation Report

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USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	BORROWER DESIGNATION TX0569
INSTRUCTIONS - See RUS Bulletin 1744-2	PERIOD ENDED December, 2013
NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	
[REDACTED]	
KIESLING ASSOCIATES, LLP	
Colorado Springs, Colorado	
May 23, 2014	



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USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	BORROWER DESIGNATION TX0569
INSTRUCTIONS - See RUS Bulletin 1744-2	PERIOD ENDED December, 2013
CERTIFICATION LOAN DEFAULT NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	



## Independent Accountants' Compilation Report

To the Board of Directors  
Dell Telephone Cooperative, Inc.  
Dell City, TX

We have compiled the balance sheets of Dell Telephone Cooperative, Inc (a Texas Cooperative) as of December 31, 2013 and 2012, and the statements of income and retained earnings or margins and cash flows for the year ended December 31, 2012, included in the accompanying prescribed form. We have also compiled the supplementary information in Parts "E", "F", "G" and "H" of the accompanying prescribed form. We have not audited or reviewed the financial statements and the supplementary information in Parts "E", "F", "G" and "H" and, accordingly, do not express an opinion or provide any assurance about whether the financial statements and the supplementary information in Parts "E", "F", "G", and "H" is in accordance with the form prescribed by the Rural Development Utilities Program.

Management is responsible for the preparation and fair presentation of the financial statements and the supplementary information in Parts "E", "F", "G" and "H" in accordance with requirements prescribed by Rural Development Utilities Program and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statement and the supplementary information in Parts "E", "F", "G" and "H".

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist the management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statement and the supplementary information in Parts "E", "F", "G" and "H".

These financial statements and the supplementary information in Parts "E", "F", "G" and "H" are presented in accordance with the requirements of the Rural Development Utilities Program, which differ from accounting principles generally accepted in the United States of America. This report is intended solely for the information and use of the Rural Development Utilities Program and is not intended to be and should not be used by anyone other than this specified party.

The supplementary information contained in Parts "C" and "D" of the accompanying prescribed form has not been audited, reviewed, or compiled by us, and, accordingly, we assume no responsibility for that information.

Colorado Springs, Colorado  
May 23, 2014